

BOARD OF EXAMINERS MEETING

April 1, 2010

1. A. Call to Order and Confirmation of Attendance

Governor Brian Schweitzer as President of the Board called the meeting to order on April 1, 2010 at 3:30 p.m. in the Montana Room of the State Capitol with Secretary of State Linda McCulloch in attendance. Attorney General Steve Bullock was unable to attend.

Staff and advisors present were: Tim Burton, Attorney General's Office; Janet R. Kelly, Pat McNamee, and Penny Herbert, Department of Administration; Harper Lawson, Secretary of State's Office; David Ewer, OBPP; Anna Miller, Department of Natural Resources and Conservation (DNRC); Dan Semmens, Dorsey & Whitney LLP; Jonathan Heroux and Gordon Hoven, Piper Jaffray & Co.; and Aaron Rudio, D.A. Davidson.

B. Approval of Minutes of Board of Examiners Meeting of August 27, 2009

Motion and Vote: Governor Schweitzer called for a motion to approve the minutes of the Board of Examiners meeting of August 27, 2009. Linda McCulloch so moved. The motion carried unanimously.

C. Janet Kelly, Director, Department of Administration: Overview of Agenda

The three action items on today's agenda are for refunding of older bonds to take advantage of current lower interest rates. The first is for the Long Range Building Program. The next two are for DNRC, and they also include a new money portion to match Federal dollars.

2. Piper Jaffray & Co. and Long Range Building Program: Recommendation to the Board regarding refunding of the State's General Obligation Long Range Building Program Refunding Bonds, Series 1998D; the General Obligation Long Range Building Program Bonds, Series 2001B; the General Obligation Long Range Building Program Refunding Bonds, Series 2002D

Jonathan Heroux explained that new bonds will be issued and the proceeds will be used to retire the old bonds. The debt service savings will be approximately \$1.2 million over ten years, which is roughly 5.7%. These bonds will come to market on April 27, 2010.

Dorsey & Whitney LLP: Resolution Authorizing and Providing for the Issuance and Negotiated Sale of Up To \$22,000,000 of State of Montana General Obligation Long Range Building Program Refunding Bonds, Series 2010A (the "Authorizing Resolution")

BOARD OF EXAMINERS MEETING

April 1, 2010

Dan Semmens explained that this preliminarily authorizes the negotiated sale of these bonds to Piper Jaffray & Co. and D.A. Davidson & Co., and that certain parameters must be met: the principal amount of the bonds must not exceed \$22 million, the debt service savings must be at least 4%, and the purchase price of the bonds must not be less than 99.35% of par.

Motion and Vote: Governor Schweitzer called for public comment. Hearing none, he then called for a motion to adopt the resolution. Linda McCulloch so moved. The motion carried unanimously.

3. Piper Jaffray & Co. and Department of Natural Resources and Conservation: Recommendation and presentation to the Board regarding refunding of the State's General Obligation Bonds (Drinking Water State Revolving Fund Program), Series 2000A and General Obligation Bonds (Drinking Water State Revolving Fund Program), Series 2001G; the funding of State Match to match the remaining portion of the 2009 EPA Capitalization Grant; and the issuance of up to \$5,750,000 in General Obligation Bonds (Drinking Water State Revolving Fund Program, Match and Refunding)

Jonathan Heroux told the Board that refunding the old bonds will save roughly \$28,000 per year for a total savings of approximately \$321,000 which is a little over 8% on a net present value basis. DNRC is also asking to issue new bonds of \$1.29 million to match the 2009 EPA Capitalization Grant.

Anna Miller added that the new money will be used to fund water projects in Belgrade, Billings, Gore Hill, Pablo, and Seeley Lake.

Dorsey & Whitney LLP: Resolution of the Board of Examiners of the State of Montana Relating to the State's Drinking Water State Revolving Fund Program, Preliminarily Authorizing the Issuance and Negotiated Sale of General Obligation Bonds (Drinking Water State Revolving Fund Program, Match and Refunding), Series 2010B, in a Principal Amount Not to Exceed \$5,750,000 (the "Authorizing Resolution")

Dan Semmens said that these bonds will be sold on a negotiated basis to Piper Jaffray & Co. and D.A. Davidson & Co., and the following parameters must be met: the debt service savings must be at least 4% of the refunded bonds, and the purchase price cannot be less than 99.1% of par.

Motion and Vote: Governor Schweitzer called for public comment. Hearing none, he then called for a motion to adopt the resolution. Linda McCulloch so moved. The motion carried unanimously.

BOARD OF EXAMINERS MEETING

April 1, 2010

4. D.A. Davidson & Co. and Department of Natural Resources and Conservation: Recommendation and presentation to the Board regarding refunding of the State's General Obligation Bonds (Water Pollution Control State Revolving Fund Program), Series 2000B and General Obligation Bonds (Water Pollution Control State Revolving Fund Program), Series 2001H, the funding of State Match to match the 2010 EPA Capitalization Grant; and the issuance of up to \$6,800,000 in General Obligation Bonds (Water Pollution Control Revolving Fund Program, Match and Refunding)

Aaron Rudio explained that the debt service savings of the refunding portion of this bond issuance will be over 9%, or approximately \$360,000.

Anna Miller added that the new money will match \$10 million in EPA Capitalization Grants, and it will be used to fund new projects for wastewater treatment systems in Bigfork, Billings, and Bozeman.

Dorsey & Whitney LLP: Resolution of the Board of Examiners of the State of Montana Relating to the State's Water Pollution Control State Revolving Fund Program, Preliminarily Authorizing the Issuance and Negotiated Sale of General Obligation Bonds (Water Pollution Control State Revolving Fund Program, Match and Refunding), Series 2010C, in a Principal Amount Not to Exceed \$6,800,000 (the "Authorizing Resolution")

Dan Semmens explained that this will be a negotiated sale to D.A. Davidson & Co., and the following parameters must be met: the maximum amount of the refunding bonds can't exceed \$6.8 million, the savings must be at least 4.8% of the principal amount of the refunded bonds, and the purchase price cannot be less than 99.1% of par.

Motion and Vote: Governor Schweitzer called for public comment. Hearing none, he then called for a motion to adopt the resolution. Linda McCulloch so moved. The motion carried unanimously.

5. Other Business

Anna Miller drew the Board's attention to the lists of drinking water and wastewater projects that are currently being overseen by her office. The drinking water projects total over \$37 million and the wastewater projects total over \$68 million. The meeting adjourned at 4:00 p.m.

Governor Brian Schweitzer

Secretary of State Linda McCulloch

BOARD OF EXAMINERS MEETING
April 1, 2010

President of the Board

Member of the Board

Attorney General Steve Bullock
Member of the Board

Janet R. Kelly
Executive Secretary